

Effective philanthropy: Working with grantees

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Roopa Kudva, managing director of Omidyar Network India Advisors. Photo: Pradeep Gaur/Mint

In philanthropy, the organizations you decide to fund are doing most (if not all) of the heaviest lifting. So it's no stretch to say that your most important job is choosing grantees wisely, then doing everything you can to help them deliver the best possible results.

As G. Ananthapadmanabhan, CEO of Azim Premji Philanthropic Initiatives, puts it: "Change is happening on the ground because of the passion of our grantees, not because of our money. We need to see, respect and support our partners."

It's helpful to break the necessary activities down into what we call the "Six Ss of Grant Making"—sourcing, screening, structuring, selecting, supporting and sustaining.

* Identify a process for sourcing potential non-profits to fund. Four ways of finding non-profits are: seeking recommendations from established relationships, doing research or evaluating existing research, seeking out respected opinions and soliciting requests for proposals.

* Do the appropriate screening of potential grantees. Asking questions while choosing a grantee is paramount: Does the organization's mission align with your goals? Can you work well together?

* Identify the appropriate structure for the grants you make. Once you have identified an organization, think about the type and size of the grant you would offer. What would the requirements be?

* Select, or make the choice to fund a specific non-profit. Where there is one philanthropic decision-maker, this is fairly straightforward. A more complicated environment, as in a multi-member family trust, needs a formal decision-making process to clarify what each stakeholder's role will be and who has the final authority.

* Decide on how you will support your grantees. The non-profits you support are crucial to the results of your philanthropy. If a funder's grantees are not successful at achieving goals, it is nearly impossible for the funder to be.

* Identify how you will sustain your support, that is, decide on continued grantee funding or responsibly exit from funding a non-profit.

Once you have supported a grantee for the agreed-upon term, you will need to make decisions on whether to renew your grant, to exit but provide some sort of transitional support, or to exit without support. Each option has ramifications you should consider with great care. The Michael & Susan Dell Foundation uses these steps to identify and work with grantees which will help move every underprivileged child closer to the opportunities they deserve in life.

Debasish Mitter, India country director of the Dell family foundation, says that the process of sourcing has evolved. The organization started by "pounding the pavement", seeking out non-profits that matched the foundation's mission.

Now, it often focuses on building relationships with organizations it comes in touch with. For example, the foundation crossed paths with Aditya Natraj, who wanted to build school leadership through the Kaivalya Education Foundation, and found an alignment of aims.

While screening for and selecting grantees, Mitter insists that the most important factor is the grantee's "commitment to quality". This must be supplemented by the organization's openness to measuring their impact, and it is even better if they already have a track record.

Another decisive factor is the foundation's desire "to invest in innovative, disruptive ideas that can create disproportionate change", says Mitter.

To support grantees, the foundation is not only committed to providing capital, but also providing non-capital requirements like sector expertise, thought leadership and capacity-building.

"These organizations need support on multiple fronts," says Mitter. "So we have built a shared service model whereby a number of (vetted) expert organizations provide specialized consultancy services."

The Dell family foundation also has a process to decide whether to sustain or exit any relationship. "Every year, almost religiously, we exit the bottom 25-30% of our investments with the lowest impact," says Mitter. "The efficacy of the impact data influences how we allocate resources on an ongoing basis."

The Omidyar Network also applies these steps in building its investee portfolio in India. For sourcing investment opportunities, it primarily uses its in-country network. Roopa Kudva, managing director of Omidyar Network India Advisors, says most opportunities come from the "strong network we have built with key players in each sector of focus, including the start-up community, social entrepreneurs, other funders, ecosystem builders, and thought leaders".

To screen and select investees, Omidyar Network looks for innovative ideas that leverage technology to achieve social impact at scale. Its leaders assess factors of mission alignment, commitment to impact, potential for scale, leadership and innovation—criteria that recommended Indifi Technologies, which offers a unique platform that aims to expand access to unsecured credit for micro, small and medium enterprises (MSMEs) in India, revolutionizing the way lenders reach and underwrite credit to MSMEs. Omidyar Network has a variety of tools to structure investments and support investees. Along with financial support, either equity investments or grants, it helps with recruitment, training, coaching and mentoring.

With the remarkable growth of philanthropy in India, the Six S's of grant making can provide a blueprint for building high-impact donor-grantee partnerships.

Rohit Menezes and Soumitra Pandey are partners in the Bridgespan Group's Mumbai office. Effective Philanthropy is a six-part Bridgespan series that examines philanthropy in India and the "give smart" approach. Bridgespan is an adviser and resource for mission-driven leaders and organizations. This is the fifth part of the series.